

**Testimony of Steve Lozar / Tribal Council Representative
Confederated Salish and Kootenai Tribes**

Regarding Senate Bill 257:

The Confederated Salish and Kootenai Tribes have established energy policies that seek to promote the development of clean renewable energy sources. We applaud you for seeking to promote such a policy throughout Montana by having established Renewable Portfolio Standards for Montana utilities. Now that you have established such Renewable Portfolio Standards, however, we think you should apply them equally to all forms of clean renewable generation, including incremental increases in capacity at hydropower facilities achieved through facility upgrades.

Over the past thirty years, CSKT have done several studies of renewable energy generation potential on the Flathead Reservation. We have studied wind, geothermal, solar, and hydro sources. Over the past three years we have refreshed all of these studies and concluded that, with the current state of technology, there are no commercial opportunities for development of our wind, geothermal, or solar sources. There are, however, opportunities for development of hydropower sources. One of these renewable sources, the Kerr Hydropower Project, already exists.

The CSKT have been involved in the development of hydroelectric electrical generation facilities since the 1930s. As you probably know, CSKT, when negotiating the terms of the Hellgate Treaty, reserved to itself the ownership of the bed and banks of water bodies on the Flathead Reservation, including the bed and banks of Flathead Lake and the Flathead River. As you also probably know, the Kerr Hydroelectric Project's dam and generating plant are located on the Flathead River and its reservoir is Flathead Lake. In addition to owning the land on which the Kerr Project is situated, CSKT is also a co-licensee with PPL Montana for the Project. As co-licensee, we are not yet operating the plant, but are performing all of the environmental and recreational mitigation activities that the Federal Energy Regulatory Commission requires. We have the right to acquire the entire plant in 2015 and are prepared to do so. Accordingly, we fully expect that CSKT will be the sole owner and operator of the Kerr Hydropower Project starting in September of 2015.

As a potential hydroelectric generator, CSKT thinks that Montana should apply its Renewable Portfolio Standards to incremental increases in generation at hydropower sources similarly as for wind, geothermal, and solar sources. More specifically, we think that increased output from the Kerr Project should be eligible for RPS, if that increased output was gained by improving the generating efficiency through technological improvements that did not emit any carbon, cause any significant environmental impact, or divert, impound, or process any additional water.

There are benefits to CSKT and Montana if incremental hydro qualifies for RPS. Such generation will create a valued-added product for CSKT (i.e. RPS qualifying electricity). Such generation will create a new product (i.e. renewable energy credits). These